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FENNEMORE CRAIG, P.C.
A Professional Corporation
C. Webb Crockett (No. 001361)
Patrick J. Black (No. 017141)
2394 East Camelback Road, Suite 600
Phoenix, Arizona 85016-3429
Telephone (602) 916-5000
Email: wcrocket@fclaw.com
Email: pblack@fclaw.com

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Arizona Corporation Commission

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Attorneys for Arizonans for Electric Choice and Competition

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BEFORE THE ARIZONA CORPORATION COMMISSIONPROPOSED AMENDMENTS TO THE
ENERGY EFFICIENCY RULES

DOCKET NO. E-00000XX-13-0214

**INFORMAL COMMENTS OF
ARIZONANS FOR ELECTRIC
CHOICE AND COMPETITION
REGARDING POSSIBLE
AMENDMENTS TO THE ELECTRIC
ENERGY EFFICIENCY RULES**

Arizonans for Electric Choice and Competition ("AECC") hereby submits the following Informal Comments concerning the Draft Amendments to the Energy Efficiency Rules.

I. Energy Efficiency Standard vs. Energy Efficiency Goals

The draft amendments to the Commission's Energy Efficiency Rules circulated by Staff on November 4, 2014 would remove the Energy Efficiency Standard that sets cumulative annual energy savings targets through 2020 and replace those generic targets with a Commission-approved Energy Efficiency Goal for each affected utility. The Energy Efficiency Goal for each affected utility would be an amount of cost-effective energy savings that would be determined based on the utility's resource plan.

AECC supports the thrust of this proposed change. The current Rule establishes DSM savings targets irrespective of the cost of achieving the prescribed targets within the timeframe required by the Rule. In contrast, the proposed approach would identify utility-

1 specific energy savings goals based on the circumstances of each utility, its utility resource
2 plan, and the cost-effectiveness of achieving additional savings. This approach is likely to
3 provide increased flexibility in identifying reasonable savings targets and give proper
4 emphasis to the costs incurred by customers to support the proposed programs.

5 **II. Consideration of Additional Cost Effectiveness Tests**

6 The draft amendments would introduce additional cost-effectiveness tests besides the
7 Societal Test for considering the efficacy of DSM programs. These additional tests include
8 the Utility Cost Test, the Ratepayer Impact Measurement Test, the Participant Test, and the
9 Total Resource Cost Test. These additional tests are well-recognized in the industry and
10 would provide additional useful information to the Commission and stakeholders in
11 determining the cost-effectiveness of utility DSM programs. AECC supports this proposed
12 change.

13 **III. Capitalization of DSM Expenditures and Elimination of the Utility Performance 14 Incentive**

15 The draft amendments would change the way that DSM costs are recovered from one
16 in which DSM expenditures are expensed and recovered from customers on a pass-through
17 basis to one in which DSM expenditures are capitalized and recovered in rates in a manner
18 similar to other utility investment. This change would also eliminate the utility performance
19 bonus. AECC believes this alternative approach would provide better alignment with the
20 cost recovery afforded to supply-side resources and should be given serious consideration.

21 **IV. Credit from Energy Efficiency Building Codes**

22 The draft amendments would allow an affected utility to count up to one-third of the
23 energy savings resulting from energy efficiency building codes toward meeting an energy
24 efficiency goal. It is not clear to AECC why building code changes should be included in
25 the utility's measurement of the savings from *its* DSM programs. AECC does not support
26 this proposed change at this time.

1 RESPECTFULLY SUBMITTED this 18th day of November, 2014.

2 FENNEMORE CRAIG, P.C.

3
4 By: 

5 C. Webb Crockett

6 Patrick J. Black

7 Attorneys Arizonans for Electric Choice
and Competition

8 **ORIGINAL** and 13 copies filed
this 18th day of November, 2014 with:

9 Docket Control
10 Arizona Corporation Commission
1200 West Washington Street
11 Phoenix, Arizona 85007

12 **COPY** of the foregoing hand-delivered/mailed
this 18th day of November, 2014 to:

13 Janice Alward
14 Chief Counsel Legal Division
15 Arizona Corporation Commission
1200 West Washington Street
16 Phoenix, Arizona 85007

17 Steve Olea, Director
18 Utilities Division
19 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

20 By: 

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